

Cedar Fund, L.P.

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Cedars of Lebanon • Ezekiel 31
Symbol of majesty and strength

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Dear Cedar Fund Limited Partner:

The Cedar Fund participated in the surging 1995 stock market by increasing **39.8%** compared to 37.5% for the S & P 500. The net asset value of a Cedar Fund unit finished the year at \$88,538 versus \$63,323 at the beginning of the year. The Cedar Fund has grown 19.8% a year compounded annually since it started seven years ago.

Berkshire Hathaway

As in the past several years, the Cedar Fund benefited from a dramatic rise in Berkshire Hathaway stock -- 57.4% in 1995. The stock price of Berkshire continues to grow faster than the underlying book value of the stock which grew 43.1% to \$14,426 per share (Berkshire is selling 2.2 times book value based on a year-end price of \$32,100 a share). In his annual report just released, Warren Buffett expressed concern that for the past five years Berkshire's stock price has outperformed the intrinsic value of the business. Under performance should be expected in the future, according to Buffett. This is about as close as Buffett has ever come to saying Berkshire's stock is overvalued.

We made several changes to the Cedar Fund's portfolio in the past year. We decided to make a more direct commitment to foreign stocks through two mutual funds. The first, Tweedy Browne Global Value Fund, is well-known in the investment community as a Graham-style value investor. The second fund, Mutual Discovery, is a sister fund of Mutual Shares. Mutual Discovery is Michael Price's effort to move into direct foreign stocks which comprise about one-half of the fund's portfolio. The other half is in small cap U.S. stocks. We also added a new stock -- Leucadia National -- an insurance firm whose managers have a good record of allocating the assets of the business.

Harfam Partners

About 23% of Cedar Fund's portfolio is in Harfam Partners, an investment partnership of outside money managers. This past year all the managers under performed the indices because of the broader market's emphasis on technology stocks. Harfam's managers and their performance last year are:

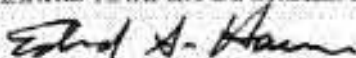
1995 Harfam Performance


23.5%	Tom Russo
13.4%	Emerald Partners
19.7%	Ruane Cunniff
-----	<u>Steel Partners II (partial year)</u>
21.1%	Harfam - Total Return

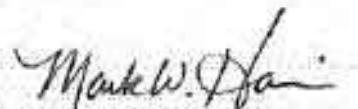
This year we added a new manager Steel Partners II to replace Liz Bramwell. They are value investors looking for bargains in micro cap stocks (under \$50 million capitalization).

The Cedar Fund financial report for 1995, prepared by the CPA firm of Geo. S. Olive & Co., is enclosed. Please feel free to call or write us if you have any questions. We appreciate your confidence in allowing us to manage your investment.

HARRIS HARPER COUNSEL, INC., General Partner


Edward S. Harris, President


David F. Harper, Vice President


Mark W. Harris, Sec.-Treas.

The Cedar Fund is a limited partnership managed by a General Partner, Harris Harper Counsel, Inc., which is a Registered Investment Advisor.